

**MACON-BIBB COUNTY  
URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA  
(A COMPONENT UNIT OF MACON-BIBB COUNTY, GEORGIA)**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

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MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of the  
Macon-Bibb County Urban Development Authority  
Macon, Georgia

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Macon-Bibb County Urban Development Authority (the "Authority"), a component unit of Macon-Bibb County, Georgia as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Macon-Bibb County Urban Development Authority as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Macon-Bibb County Urban Development Authority's basic financial statements. The combining nonmajor fund financial statements and statement of changes in assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and statement of changes in assets and liabilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and statement of changes in assets and liabilities are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2018, on our consideration of the Macon-Bibb County Urban Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Macon-Bibb County Urban Development Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Macon-Bibb County Urban Development Authority's internal control over financial reporting and compliance.

Macon, Georgia  
December 5, 2018

A handwritten signature in black ink, appearing to read "Cheryl M. Rine". The signature is written in a cursive, flowing style.

## **BASIC FINANCIAL STATEMENTS**

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

STATEMENT OF NET POSITION  
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,448,087	\$ 230	\$ 3,448,317
Certificates of deposit	147,083	-	147,083
Accounts receivable	6,100	-	6,100
Prepays	112,523	-	112,523
Due from other funds	10,574	(10,574)	-
Due from primary government	1,288,954	-	1,288,954
Lease receivable	1,235,382	-	1,235,382
Loan receivable	1,639,156	-	1,639,156
Capital assets			
Nondepreciable	6,407,846	-	6,407,846
Depreciable	28,955	671,569	700,524
Total Assets	14,324,660	661,225	14,985,885
<u>LIABILITIES</u>			
Accounts payable	201,489	296,063	497,552
Due to other governments	15,731	-	15,731
Unearned revenue	5,674	-	5,674
Noncurrent liabilities			
Due within one year	335,875	106,489	442,364
Due in more than one year	2,486,501	360,677	2,847,178
Total Liabilities	3,045,270	763,229	3,808,499
<u>NET POSITION</u>			
Net investment in capital assets	6,210,761	204,403	6,415,164
Restricted			
Program loans	1,692,196	-	1,692,196
Debt covenants	74,759	-	74,759
Economic development	507,640	-	507,640
Unrestricted (deficit)	2,794,034	(306,407)	2,487,627
Total Net Position	\$ 11,279,390	\$ (102,004)	\$ 11,177,386

The notes to the financial statements are an integral part of this statement.



MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 283,211	\$ 282,423	\$ 447,281	\$ -	\$ 446,493	\$ -	\$ 446,493
Economic development	1,578,671	-	-	1,628,090	49,419	-	49,419
Interest	142,620	-	-	-	(142,620)	-	(142,620)
Total Governmental Activities	<u>2,004,502</u>	<u>282,423</u>	<u>447,281</u>	<u>1,628,090</u>	<u>353,292</u>	<u>-</u>	<u>353,292</u>
Business-Type Activities							
Parking Fund	102,004	-	-	-	-	(102,004)	(102,004)
Total business-type activities	<u>102,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,004)</u>	<u>(102,004)</u>
Total Government	<u>\$ 2,106,506</u>	<u>\$ 282,423</u>	<u>\$ 447,281</u>	<u>\$ 1,628,090</u>	<u>353,292</u>	<u>(102,004)</u>	<u>251,288</u>
General Revenues							
Miscellaneous					31,750	-	31,750
Gain on sale of property					433,799	-	433,799
Investment earnings					4,533	-	4,533
Total General Revenues					<u>470,082</u>	<u>-</u>	<u>470,082</u>
Change in Net Position					823,374	(102,004)	721,370
Net Position - beginning of year					<u>10,456,016</u>	<u>-</u>	<u>10,456,016</u>
Net Position (deficit) - end of year					<u>\$ 11,279,390</u>	<u>\$ (102,004)</u>	<u>\$ 11,177,386</u>

The notes to the financial statements are an integral part of this statement.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General	Special Revenue Funds		
	Fund	Revolving Loan Fund	401 Cherry Street	Local Loan Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 669,531	\$ 1,549,074	\$ -	\$ 124,874
Certificates of deposit	147,083	-	-	-
Accounts receivable	6,100	-	-	-
Prepays	110,658	-	-	-
Due from other funds	80,599	-	-	2,412
Capital lease receivable	-	-	851,085	-
Loan receivable	900,000	-	-	739,156
Total Assets	<u>\$ 1,913,971</u>	<u>\$ 1,549,074</u>	<u>\$ 851,085</u>	<u>\$ 866,442</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 46,635	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governments	15,731	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>62,366</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - rents	-	-	851,085	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>851,085</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	1,010,658	-	-	739,156
Restricted	-	1,549,074	-	127,286
Assigned	-	-	-	-
Unassigned (deficit)	840,947	-	-	-
Total Fund Balances	<u>1,851,605</u>	<u>1,549,074</u>	<u>-</u>	<u>866,442</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,913,971</u>	<u>\$ 1,549,074</u>	<u>\$ 851,085</u>	<u>\$ 866,442</u>

The notes to the financial statements are an integral part of this statement.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018  
(CONTINUED)

Special Revenue Funds	Capital Projects Funds		Nonmajor	Total
213 Clinton Street LLC	Bond Fund	Property Fund	Funds	Governmental Funds
\$ 108,193	\$ 553,169	\$ 402,166	\$ 41,080	\$ 3,448,087
-	-	-	-	147,083
-	-	-	-	6,100
1,865	-	-	-	112,523
-	-	-	35,247	118,258
-	-	384,297	-	1,235,382
-	-	-	-	1,639,156
<u>\$ 110,058</u>	<u>\$ 553,169</u>	<u>\$ 786,463</u>	<u>\$ 76,327</u>	<u>\$ 6,706,589</u>
 \$ 68,019	 \$ 84,335	 \$ 2,500	 \$ -	 \$ 201,489
68,733	-	38,951	-	107,684
-	-	-	-	15,731
-	-	5,674	-	5,674
<u>136,752</u>	<u>84,335</u>	<u>47,125</u>	<u>-</u>	<u>330,578</u>
 -	 -	 522,197	 21,685	 1,394,967
<u>-</u>	<u>-</u>	<u>522,197</u>	<u>21,685</u>	<u>1,394,967</u>
 1,865	 -	 -	 -	 1,751,679
-	468,834	74,759	54,642	2,274,595
-	-	142,382	-	142,382
<u>(28,559)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>812,388</u>
 (26,694)	 468,834	 217,141	 54,642	 4,981,044
<u>\$ 110,058</u>	<u>\$ 553,169</u>	<u>\$ 786,463</u>	<u>\$ 76,327</u>	<u>\$ 6,706,589</u>

The notes to the financial statements are an integral part of this statement.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018

Amounts reported for governmental activities in the statement of net position are different because of the following:

Total Fund Balances - Governmental Funds	\$ 4,981,044
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,436,801
The due from primary government is not an available resource and therefore, not reported in the funds.	1,288,954
Revenues	
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	1,394,967
Long-term Liabilities	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:	
Notes payable	(2,747,617)
Line of credit	<u>(74,759)</u>
Net Position of Governmental Activities	<u><u>\$ 11,279,390</u></u>

The notes to the financial statements are an integral part of this statement.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Funds		
		Revolving Loan Fund	401 Cherry Street	Local Loan Fund
<b>REVENUES</b>				
Intergovernmental	\$ 854,888	\$ -	\$ -	\$ -
Grants	-	-	-	-
Rent	34,600	-	233,186	-
Program loans - interest	-	-	-	13,352
Investment earnings	4,533	-	-	-
Other revenues	25,825	-	-	-
Total Revenues	919,846	-	233,186	13,352
<b>EXPENDITURES</b>				
Current				
General government:				
Salary and benefits	67,407	-	-	-
Office expenses	12,235	-	-	-
Professional fees	127,433	-	-	-
Miscellaneous	32,310	-	-	-
Utilities	-	-	-	-
Economic development	126,310	-	-	-
Debt				
Principal	60	-	154,206	-
Interest charges	2,407	-	78,980	-
Total Expenditures	368,162	-	233,186	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	551,684	-	-	13,352
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	(746,887)	-	-	-
Issuance of debt	-	-	-	-
Proceeds from sale of property	1,000,000	-	-	-
Total other financing sources (uses)	253,113	-	-	-
Net change in fund balances	804,797	-	-	13,352
Fund Balance - beginning of year	1,046,808	1,549,074	-	853,090
Fund Balance (deficit) - end of year	\$ 1,851,605	\$ 1,549,074	\$ -	\$ 866,442

The notes to the financial statements are an integral part of this statement.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)

Special Revenue Funds	Capital Projects Funds		Nonmajor	Total
213 Clinton Street LLC	Bond Fund	Property Fund	Funds	Governmental Funds
\$ 109,340	\$ -	\$ -	\$ 192,405	\$ 1,156,633
315,001	-	37,500	36	352,537
-	-	43,982	-	311,768
-	-	-	-	13,352
-	-	-	-	4,533
-	-	5,925	-	31,750
424,341	-	87,407	192,441	1,870,573
-	-	-	-	67,407
-	-	-	-	12,235
20,000	-	-	36	147,469
423	166	17,600	-	50,499
4,636	-	-	-	4,636
1,397,246	1,213,593	37,737	57,734	2,832,620
2,861	-	26,739	143,297	327,163
1,657	-	19,630	39,946	142,620
1,426,823	1,213,759	101,706	241,013	3,584,649
(1,002,482)	(1,213,759)	(14,299)	(48,572)	(1,714,076)
746,887	-	-	-	746,887
-	-	-	-	(746,887)
228,901	-	-	-	228,901
-	-	-	-	1,000,000
975,788	-	-	-	1,228,901
(26,694)	(1,213,759)	(14,299)	(48,572)	(485,175)
-	1,682,593	231,440	103,214	5,466,219
\$ (26,694)	\$ 468,834	\$ 217,141	\$ 54,642	\$ 4,981,044

The notes to the financial statements are an integral part of this statement.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net Changes in Fund Balances - Total Governmental Funds	\$ (485,175)
Capital Assets	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Total capital outlays	1,963,447
Total depreciation	(965)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations) is to increase/(decrease) net position.	(566,201)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(185,994)
Long-term Debt	
Issuance of debt	(228,901)
Principal payments	<u>327,163</u>
Change in Net Position of Governmental Activities	<u><u>\$ 823,374</u></u>

The notes to the financial statements are an integral part of this statement.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted amounts			Variance with
	Original	Final	Actual	Final Budget
<u>REVENUES</u>				
Intergovernmental				
Macon-Bibb County	\$ 108,360	\$ 108,360	\$ 854,888	\$ 746,528
Rental/property income	31,200	31,200	34,600	3,400
Investment earnings	700	700	4,533	3,833
Miscellaneous	45,000	45,000	25,825	(19,175)
Total Revenues	185,260	185,260	919,846	734,586
<u>EXPENDITURES</u>				
Current				
Salary and benefits	113,000	113,000	67,407	45,593
Office expenses	10,800	10,800	12,235	(1,435)
Professional fees	59,460	59,460	127,433	(67,973)
Miscellaneous	2,000	2,000	32,310	(30,310)
Economic development	-	-	126,310	(126,310)
Debt				
Principal	-	-	60	(60)
Interest charges	-	-	2,407	(2,407)
Total Expenditures	185,260	185,260	368,162	(182,902)
Excess of Revenues Over (Under)				
Expenditures	-	-	551,684	551,684
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to other funds	-	-	(746,887)	(746,887)
Proceeds from sale of property	-	-	1,000,000	1,000,000
Total Other Financing Sources (Uses)	-	-	253,113	253,113
Net change in Fund Balance	-	-	804,797	804,797
Fund Balance - beginning of year	1,046,808	1,046,808	1,046,808	-
Fund Balance - end of year	\$ 1,046,808	\$ 1,046,808	\$ 1,851,605	\$ 804,797

The notes to the financial statements are an integral part of this statement.



MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

REVOLVING LOAN FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted amounts		Actual	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Program loans - interest	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
<u>EXPENDITURES</u>				
Economic development	-	-	-	-
Total Expenditures	-	-	-	-
Net change in Fund Balance	-	-	-	-
Fund Balance - beginning of year	1,549,074	1,549,074	1,549,074	-
Fund Balance - end of year	\$ 1,549,074	\$ 1,549,074	\$ 1,549,074	\$ -

The notes to the financial statements are an integral part of this statement.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

401 CHERRY STREET  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted amounts		Actual	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Rents	\$ -	\$ -	\$ 233,186	\$ 233,186
Total Revenues	-	-	233,186	233,186
<u>EXPENDITURES</u>				
Debt				
Principal	-	-	154,206	(154,206)
Interest charges	-	-	78,980	(78,980)
Total Expenditures	-	-	233,186	(233,186)
Net change in Fund Balance	-	-	-	-
Fund Balance - beginning of year	-	-	-	-
Fund Balance - end of year	\$ -	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

LOCAL LOAN FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted amounts		Actual	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Program loans - fees and interest	-	-	13,352	13,352
Total Revenues	-	-	13,352	13,352
<u>EXPENDITURES</u>				
General Government				
Miscellaneous	-	-	-	-
Total Expenditures	-	-	-	-
Net change in Fund Balance	-	-	13,352	13,352
Fund Balance - beginning of year	-	-	853,090	853,090
Fund Balance - end of year	\$ -	\$ -	\$ 866,442	\$ 866,442

The notes to the financial statements are an integral part of this statement.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

213 CLINTON STREET LLC  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted amounts		Actual	Variance with Final Budget
	Original	Final		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ -	\$ -	\$ 109,340	\$ 109,340
Grants	-	-	315,001	315,001
Total Revenues	-	-	424,341	424,341
<b><u>EXPENDITURES</u></b>				
General government				
Professional fees	-	-	20,000	(20,000)
Miscellaneous	-	-	423	(423)
Utilities	-	-	4,636	(4,636)
Economic development	-	-	1,397,246	(1,397,246)
Debt				
Principal	-	-	2,861	(2,861)
Interest charges	-	-	1,657	(1,657)
Total Expenditures	-	-	1,426,823	(1,426,823)
Excess of Revenues Over (Under) Expenditures	-	-	(1,002,482)	(1,002,482)
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers from other funds	-	-	746,887	746,887
Issuance of debt	-	-	228,901	228,901
Total Other Financing Sources (Uses)	-	-	975,788	975,788
Net change in Fund Balance	-	-	(26,694)	(26,694)
Fund Balance - beginning of year	-	-	-	-
Fund Balance (deficit) - end of year	\$ -	\$ -	\$ (26,694)	\$ (26,694)

The notes to the financial statements are an integral part of this statement.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2018

	Business-type Activities- Enterprise Funds Parking Fund
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 230
Total current assets	230
Long-term assets:	
Capital assets:	
Depreciable, net	671,569
Total capital assets, net	671,569
Total long-term assets	671,569
Total Assets	671,799
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 296,063
Due to other funds	10,574
Notes payable - current	106,489
Total current liabilities	413,126
Long-term liabilities:	
Notes payable	360,677
Total long-term liabilities	360,677
Total Liabilities	773,803
<u>NET POSITION</u>	
Net investment in capital assets	204,403
Unrestricted (deficit)	(306,407)
Total Net Position	\$ (102,004)

The notes to the financial statements are an integral part of this statement.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities- Enterprise Funds Parking Fund
<u>Operating revenues:</u>	
Charges and fees	\$ -
Total operating revenues	-
<u>Operating expenses:</u>	
Advertising	3,695
Bank charges	3,001
Professional fees	23,065
Contract services	70,488
Depreciation	1,596
Total operating expenses	101,845
Operating income (loss)	(101,845)
<u>Nonoperating revenues (expenses):</u>	
Interest expense	(159)
Total nonoperating revenues (expenses)	(159)
Change in net position	(102,004)
Total Net Position - Beginning of Year	-
Total Net Position (Deficit) - End of Year	\$ (102,004)

The notes to the financial statements are an integral part of this statement.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities- Enterprise Funds Parking Fund
<u>Cash Flows from Operating Activities:</u>	
Cash received from customers	\$ -
Cash paid to suppliers for goods and services	206,388
	<hr/>
Net Cash Flows Provided by (Used for) Operating Activities	206,388
	<hr/>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Principal payments on debt	(10,415)
Proceeds from issuance of debt	477,581
Interest and fiscal charges on debt	(159)
Purchases of capital assets	(673,165)
	<hr/>
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(206,158)
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	230
	<hr/>
Cash and Cash Equivalents, Beginning of Year	-
	<hr/>
Cash and Cash Equivalents, End of Year	\$ 230
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018  
 (CONTINUED)

	Business-type Activities- Enterprise Funds	Parking Fund
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Net Operating Income (Loss)	\$	(101,845)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation		1,596
Changes in Assets and Liabilities:		
Increase (decrease) in accounts payable		296,063
Increase (decrease) in due to other funds		10,574
Total Adjustments		308,233
Net Cash Provided by (Used for) Operating Activities	\$	206,388

The notes to the financial statements are an integral part of this statement.



MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2018

	Agency Fund
	<hr/>
<u>ASSETS</u>	
Cash and cash equivalents	<hr/> \$ 1
Total Assets	<hr/> <hr/> \$ 1
<u>LIABILITIES</u>	
Due to others	<hr/> \$ 1
Total Liabilities	<hr/> <hr/> \$ 1

The notes to the financial statements are an integral part of this statement.

## **NOTES TO THE FINANCIAL STATEMENTS**

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Macon-Bibb County Urban Development Authority, a public corporation and instrumentality of Macon-Bibb County, was created under an amendment to the Constitution of the State of Georgia (Georgia Laws 1962) for the following purposes:

- To promote and expand the public good and welfare within Bibb County, by revitalizing, redeveloping and modernizing the urban, central city and downtown areas of the County.

The accounting policies of the Macon-Bibb County Urban Development Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of the policies applied in the preparation of the accompanying financial statements:

**A. Reporting Entity**

The financial statements of the reporting entity include those of the primary government and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards Board (GASB) No. 61 "The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and 34," the Authority's relationships with other governments and agencies have been examined. As a result, no component units were identified which should be included in the reporting entity. However, the Authority is a component unit of Macon-Bibb County, Georgia. Certain financial information from the Authority is included in the financial statements of Macon-Bibb County, Georgia.

**Blended Component Unit**

213 Clinton Street, LLC (the "Organization") was created December 8, 2017 to preserve the Authority's ability to pursue historic tax credit financing to pay for a portion of the rehabilitation expenditures of the Mill Hill Auditorium located at 213 Clinton Street, Macon, Georgia. The Organization has a sole member, the Macon-Bibb County Urban Development Authority, who has full and complete authority, power and discretion to manage and control the business, affairs and properties of the Organization. The Organization is presented as a special revenue fund. The Organization does not issue separate financial statements.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all of the nonfiduciary activities of the government. Governmental activities, which normally are supported by taxes and intergovernmental

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, fiduciary funds and proprietary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-Wide Financial Statements**

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources.

Intergovernmental grant revenues and interest revenue are considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Authority's enterprise fund is charges to customers for parking. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government reports the following major governmental funds:

General Fund – The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Revolving Loan Fund – The Revolving Loan Fund is used to account for grant funds used for a revolving loan program.

401 Cherry Street Fund – The 401 Cherry Street Fund is used to account for a lease with 401 Cherry Street, LLC.

Local Loan Fund – The Local Loan Fund is used to account for grant funds used for loans to local businesses to help finance the equipping and furnishing leased building space.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

213 Clinton Street LLC – The 213 Clinton Street LLC fund is used to account for bond proceeds from Macon-Bibb County, grant funds and tax credits received for the rehabilitation of the Mill Hill Auditorium.

Bond Fund – The Bond Fund is used to account for bond proceeds from Macon-Bibb County and the related expenditures.

Property Fund – The Property Fund is used to account for activities related to properties owned by the Authority.

The government reports the following major proprietary fund:

Enterprise Fund – The Parking Fund accounts for the activities of the parking meters in Downtown Macon.

Additionally, the government reports the following fund type:

Agency Funds – Agency Funds are used to account for assets held by the Authority in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**D. Deposits and Investments**

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

The Authority may invest in obligations of the U.S. Treasury, other U.S. Government Agencies, State of Georgia, Other States, Prime Bankers' Acceptances, Repurchase Agreements, other political subdivisions of Georgia, and the Local Government Investment Pool.

**E. Receivables**

Receivables and Due from Other Governments represent funds to be received from other local governments. No allowance is deemed necessary for these receivables.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds.” All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade receivables have been reduced to their estimated net realizable value, and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

**F. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**G. Restricted Assets**

Certain loan proceeds are classified as restricted because their use is restricted by debt covenants. To the extent any loan funds remain after completion of construction and all payments thereto have been disbursed, the surplus, if any, will be returned to the lender as a reduction of principal.

**H. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of over one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the government is depreciated using the straight line method over the following estimated useful lives:

Improvements	30 years
Equipment	7 years
Vehicles	5 years

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

**I. Compensated Absences**

Accumulated unpaid sick leave costs are not vested and are not accrued in any fund, but are recognized as expenditures, when paid. The Authority does not budget for compensated absences and has been unable to determine the amount to be liquidated with available financial resources as of June 30, 2018.

**J. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position. In the fund financial statements, governmental fund types recognize long-term debt obligations when due.

**K. Fund Equity**

In the financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. The Board of Directors approves committed resources through a motion and vote during the voting session of Board meetings.
- Assigned – amounts that are constrained by the Authority's intent to be used for specific purposes, but are neither restricted nor committed. The intent is expressed by the Board.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed or assigned to specific purposes within the General Fund.

Flow Assumptions – when both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Authority's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Authority's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The Authority does not have a formal minimum fund balance policy.



MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

The following is a summary of the fund balance classifications as of June 30, 2018:

	General Fund	Revolving Loan Fund	Local Loan Fund	213 Clinton Street LLC
<u>Fund Balances</u>				
Nonspendable				
Prepays	\$ 110,658	\$ -	\$ -	\$ 1,865
Loan receivable	900,000	-	739,156	-
Restricted				
Debt covenants	-	-	-	-
Program loans	-	1,549,074	127,286	-
Economic development	-	-	-	-
Assigned				
Capital outlay	-	-	-	-
Unassigned	840,947	-	-	(28,559)
Total Fund Balances	<u>\$ 1,851,605</u>	<u>\$ 1,549,074</u>	<u>\$ 866,442</u>	<u>\$ (26,694)</u>

	Bond Fund	Property Fund	Nonmajor Governmental Fund	Total
<u>Fund Balances</u>				
Nonspendable				
Prepays	\$ -	\$ -	\$ -	\$ 112,523
Loan receivable	-	-	-	1,639,156
Restricted				
Debt covenants	-	74,759	-	74,759
Program loans	-	-	15,836	1,692,196
Economic development	468,834	-	38,806	507,640
Assigned				
Capital outlay	-	142,382	-	142,382
Unassigned	-	-	-	812,388
Total Fund Balances	<u>\$ 468,834</u>	<u>\$ 217,141</u>	<u>\$ 54,642</u>	<u>\$ 4,981,044</u>

**L. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government does not have any items that qualify for reporting in this category.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from leases receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**M. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**N. Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The Authority purchases commercial insurance for these types of risk. Insurance coverage by major categories of risk has not changed significantly from the prior year.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Annual Budgets**

An annual operating budget is prepared for the General Fund. The budget is approved by the Board of Directors of the Authority and is adopted on a basis consistent with generally accepted accounting principles. The legal level of control is at the individual fund level. Unexpended appropriations in the annual operating budget lapse at year-end. Additional appropriations require the approval of the Board of Directors of the Authority. A budget was not prepared for the Revolving Loan Fund, 401 Cherry Street Fund, Local Loan Fund, 213 Clinton Street LLC, Micro Loan Fund, Master Plan Fund, Downtown Challenge Grant Fund or Secretary of State Fund.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

**B. Expenditures in Excess of Appropriations**

<u>General Fund</u>	Excess <u>Expenditures</u>
Office expenses	\$ 1,435
Professional fees	67,973
Miscellaneous	30,310
Economic development	126,310
Debt	2,467
Transfers to other funds	746,887
<u>401 Cherry Street</u>	
Debt	233,186
<u>213 Clinton Street LLC</u>	
Professional fees	20,000
Miscellaneous	423
Utilities	4,636
Economic development	1,397,246
Debt	4,518

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk - Deposits**

The custodial credit risk for deposits is the risk that in the event of the failure of a bank, the government will not be able to recover deposits. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held. The Authority had deposit accounts which were under collateralized by \$214,832 as of June 30, 2018.

As of June 30, 2018, the Authority had \$147,083 in certificates of deposit:

	<u>Maturity</u>	<u>Amount</u>
Certificates of deposit	24 months	\$ 147,083

**Investments**

*Custodial Credit Risk.* For an investment, the custodial credit risk is the risk that in the event of the failure of the counter-party to a transaction, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority had no such investments with such risk as of June 30, 2018.

*Interest Rate Risk.* Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

*Credit Risk.* Georgia law allows investments in obligations of the U.S Treasury, other U.S Governmental Agencies, State of Georgia, other states, prime banker's acceptance, repurchase agreements, repurchase agreements, other political subdivisions of Georgia.

**Fair Value Measurement**

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, establish a three-level valuation hierarchy for disclosure of fair value measurement and enhance disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument; and
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's and liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of observable inputs.

As of June 30, 2018, the Authority had no investments subject to level input disclosure.

**NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Generally, outstanding balances between funds reported as due to/from other funds include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding, and other miscellaneous receivables and payables between funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Due from/to other funds consist of the following at June 30, 2018:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Property Fund	\$ 1,292
	Parking Fund	10,574
	213 Clinton Street LLC	68,733
Local Loan Fund	Property Fund	2,412
Nonmajor governmental	Property Fund	35,247
		<u>\$ 118,258</u>

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

Interfund transfers:

	Transfers In:
	213 Clinton
	Street LLC
Transfers Out:	
General Fund	746,887
Total	746,887

**NOTE 5 – PROMISSORY NOTE**

On April 30, 2018, the Authority issued a promissory note to IDP Cherry Holdings, LP for \$900,000 for property sold at 682 Cherry Street. The term of the note is 20 years, with interest only payments for the initial term (first three years). Beginning the fourth year the outstanding principal and accrued interest will be due in 204 monthly payments with a final balloon payment due on or before April 30, 2038. The interest rate is 3% for the first three years then will increase to 4.5% for the remainder of the term. No payments were made as of June 30, 2018.

**NOTE 6 – CAPITAL LEASE RECEIVABLE**

On December 1, 2012, the Authority entered into a lease agreement with 401 Cherry Street, LLC for the operation of property located at 401 Cherry Street. The total lease is for \$1,498,000 and is reported in the 401 Cherry Street Fund as a capital lease receivable. The lease expires December 1, 2022.

Future lease payments are as follows:

Fiscal Year				
Ending	Principal	Interest	Total	
2019	\$ 141,998	\$ 66,643	\$ 208,641	
2020	153,358	55,283	208,641	
2021	165,626	43,015	208,641	
2022	178,876	29,765	208,641	
2023	211,227	15,455	226,682	
Total	\$ 851,085	\$ 210,161	\$ 1,061,246	

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

On September 14, 2012, the Authority executed a lease for the operation of the Tubman African American Museum, Inc. (the "Museum"). The term of the lease is not to exceed 25 years, with an option granted to the Museum to purchase the property at a purchase price of \$1,000 at the end of the term of the lease. Annual lease payments are \$100.

Future lease payments are as follows:

Fiscal Year Ending	Amount
2019	\$ 100
2020	100
2021	100
2022	100
2023	100
2024-2028	500
2029-2033	500
2034-2036	1,600
Total	<u>\$ 3,100</u>

On June 30, 2014, the Authority (lessor) entered into a lease agreement with Moonhanger Group, LLC (lessee) for property located at 382 Second Street, known as Cox Capitol Theatre. The term of the lease is for 15 years, with an option granted to the lessee to purchase the property at a purchase price of \$480,000 minus the sum that is equal to the aggregate of the principal-reduction payments, paid by the lessor between the effective date of the lease and the date of closing of the lessee's purchase of the premises. Monthly lease payments are \$4,500.

Future lease payments are as follows:

Fiscal Year Ending	Principal	Interest	Total
2019	\$ 27,541	\$ 26,459	\$ 54,000
2020	28,780	25,220	54,000
2021	30,075	23,925	54,000
2022	31,429	22,571	54,000
2023	32,843	21,157	54,000
2024-2028	187,759	82,241	270,000
2029	42,770	11,230	54,000
Total	<u>\$ 381,197</u>	<u>\$ 212,803</u>	<u>\$ 594,000</u>

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
<b><u>Governmental Activities</u></b>				
Capital assets, not being depreciated:				
Land	\$ 5,010,600	\$ 566,201	\$ (566,201)	\$ 5,010,600
Construction in progress	-	1,397,246	-	1,397,246
Total capital assets, not being depreciated	5,010,600	1,963,447	(566,201)	6,407,846
Capital assets, being depreciated				
Improvements	37,030	-	-	37,030
Less accumulated depreciation for:				
Improvements	(7,110)	(965)	-	(8,075)
Total capital assets, being depreciated, net	29,920	(965)	-	28,955
Governmental activities capital assets, net	\$ 5,040,520	\$ 1,962,482	\$ (566,201)	\$ 6,436,801
	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
<b><u>Business-Type Activities</u></b>				
Capital assets, being depreciated				
Parking equipment	\$ -	\$ 632,786	\$ -	\$ 632,786
Vehicles	-	40,379	-	40,379
Less accumulated depreciation for:				
Parking equipment	-	-	-	-
Vehicles	-	(1,596)	-	(1,596)
Total capital assets, being depreciated, net	-	671,569	-	671,569
Business-type activities capital assets, net	\$ -	\$ 671,569	\$ -	\$ 671,569

Construction in progress consisted of renovations to the Mill Hill Community Arts Center located in the historic East Macon neighborhood, Fort Hawkins. The revitalization effort is in partnership with Macon Arts Alliance and many community stakeholders and seeks to address the challenges of blight and lack of economic opportunity in the neighborhood.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental activities:

General government	\$ 965
Total depreciation expense - governmental activities	<u>\$ 965</u>

Business-type activities:

Parking Fund	\$ 1,596
Total depreciation expense - business-type activities	<u>\$ 1,596</u>

In July 2017, the Authority obtained property at 682 Cherry Street from Macon-Bibb County with a net book value of \$566,201. The property was sold in April 2018 for \$1,000,000, resulting in a gain on sale of \$433,799.

**NOTE 8 – LONG-TERM LIABILITIES**

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Notes payable - 401 Cherry Street	\$ 1,005,291	\$ -	\$ (154,206)	\$ 851,085	\$ 141,998
Notes payable - Capital City Bank	408,276	-	(26,738)	381,538	28,110
Notes payable - American Pride	1,432,251	-	(143,297)	1,288,954	147,187
Notes payable - Renasant Bank	-	228,901	(2,861)	226,040	18,580
Line of credit	74,820	-	(61)	74,759	-
Total Governmental activities	<u>\$ 2,920,638</u>	<u>\$ 228,901</u>	<u>\$ (327,163)</u>	<u>\$ 2,822,376</u>	<u>\$ 335,875</u>

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Notes payable - Renasant Bank	\$ -	\$ 477,581	\$ (10,415)	\$ 467,166	\$ 106,489
Total Business-type activities	<u>\$ -</u>	<u>\$ 477,581</u>	<u>\$ (10,415)</u>	<u>\$ 467,166</u>	<u>\$ 106,489</u>

The government incurs contractual obligations to provide funds for the acquisition and construction of major capital acquisitions. Obligations have been issued for governmental-type activities and business-type activities.



MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

Notes Payable – governmental activities:

\$480,000 note payable to Capital City Bank, due in 180 monthly payments of \$3,567 commencing on July 5, 2014 through July 5, 2029. Interest accrues at 4.0%. The note is secured by real estate. \$ 381,538

\$1,400,000 note payable to 401 Cherry Street, LLC, due in 10 annual payments of \$208,641 commencing on December 1, 2013 through December 1, 2022. Interest accrues at 8.0%. The note is secured by rents received on the capital lease. 833,044

\$98,000 note payable to 401 Cherry Street, LLC, due in 5 annual payments of \$24,545 commencing on December 1, 2013 through December 1, 2017. Interest accrues at 8.0%. The note is secured by rents received on the capital lease. 18,041

\$228,901 note payable to Renasant Bank, due in 34 regular payments of \$2,409 and one irregular last payment estimated at \$175,581 commencing on May 15, 2018 through March 15, 2021. Interest accrues at 4.75%. The note is secured by real property located in Bibb County, Georgia. 226,040

\$2,000,000 note payable to American Pride Bank, due in annual payments commencing on June 15, 2017 through May 15, 2026. Interest accrues at 2.95%. Interest only payments are due from May 13, 2016 to May 15, 2017. The note is secured by certain contractual rights. Macon-Bibb County is contractually obligated for the principal, interest and expenses of the note. The amount shown as due from primary government reflects the Macon-Bibb County's obligation for the outstanding balance on the note. 1,288,954

Total Notes Payable - governmental activities \$ 2,747,617

Governmental activities interest expense on the notes for the fiscal year was \$142,620.

Notes Payable – business-type activities:

\$750,000 note payable to Renasant Bank, due in 83 monthly payments of \$10,574 commencing on June 5, 2018 through May 5, 2025. Interest accrues at 4.85%. The note is secured by equipment. \$477,581 has been drawn down on the loan as June 30, 2018. \$ 467,166

Business-type activities interest expense on the notes for the fiscal year was \$159.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

Debt Service requirements of the Authority's notes payable are as follows:

Fiscal Year Ending	Governmental Activities					
	Capital City Bank			401 Cherry Street, LLC		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 28,110	\$ 14,693	\$ 42,803	\$ 141,998	\$ 66,644	\$ 208,642
2020	29,255	13,548	42,803	153,358	55,284	208,642
2021	30,447	12,356	42,803	165,626	43,015	208,641
2022	31,687	11,116	42,803	178,876	29,765	208,641
2023	32,978	9,825	42,803	193,186	15,455	208,641
2024-2028	186,173	27,842	214,015	18,041	6,504	24,545
2029	42,888	895	43,783	-	-	-
	<u>\$ 381,538</u>	<u>\$ 90,275</u>	<u>\$ 471,813</u>	<u>\$ 851,085</u>	<u>\$ 216,667</u>	<u>\$ 1,067,752</u>

Fiscal Year Ending	Governmental Activities			Business-Type Activities		
	Renasant Bank			Renasant Bank		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 18,580	\$ 10,329	\$ 28,909	\$ 106,489	\$ 20,397	\$ 126,886
2020	19,482	9,427	28,909	111,770	15,116	126,886
2021	187,978	6,452	194,430	117,313	9,573	126,886
2022	-	-	-	123,130	3,755	126,885
2023	-	-	-	8,464	-	8,464
	<u>\$ 226,040</u>	<u>\$ 26,208</u>	<u>\$ 252,248</u>	<u>\$ 467,166</u>	<u>\$ 48,841</u>	<u>\$ 516,007</u>

The Authority has elected to exclude revenue bonds and contractual obligations from long - term debt, for which Macon-Bibb County, Georgia has contractually agreed to provide funding.

Revenue Bonds:

\$11,175,000, Series 2010 Macon-Bibb County Urban Development Authority Issue (Revenue Refunding) due in annual principal installments of \$310,000 to \$1,130,000 commencing on October 1, 2011. Interest at 2.0% to 3.0% to be paid each April 1 and October 1.	4,330,000
\$3,225,000, Series 2013B Macon-Bibb County Urban Development Authority Issue (Revenue Refunding) due in annual principal installments of \$605,000 to \$690,000 commencing on June 1, 2018. Interest at 3.0% to 4.0% to be paid each June 1 and December 1.	1,995,000
\$12,190,000, Series 2015A Macon-Bibb County Urban Development Authority Issue (Revenue Refunding) due in annual principal installments of \$255,000 to \$710,000 commencing on December 1, 2019. Interest at 3.0% to 4.875% to be paid each June 1 and December 1.	12,190,000

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

\$6,240,000, Series 2015B Macon-Bibb County Urban Development Authority Issue (Revenue Refunding) due in annual principal installments of \$85,000 to \$600,000 commencing on December 1, 2019. Interest at 3.0% to 3.375% to be paid each June 1 and December 1.	6,240,000
\$4,430,431, Series 2016A Macon-Bibb County Urban Development Authority Issue (Urban Development Concepts, LLC Project) due in annual principal installments of \$217,668 to \$388,248 commencing on December 1, 2016. Interest at 4.22% to be paid each June 1 and December 1.	3,985,910
\$2,000,000, Series 2016B Macon-Bibb County Urban Development Authority Issue (Urban Development Concepts, LLC Project). Bond funds are available to be drawn as needed not to exceed the issue amount. All outstanding principal is due December 1, 2018. Interest at 3.45% on outstanding draws is due each June 1 and December 1.	2,000,000
\$14,965,000, Series 2017A Macon-Bibb County Urban Development Authority Issue (Macon-Bibb County Projects) due in annual principal installments commencing on June 30, 2022. Interest at 3.0% to 5.0% to be paid each June 1 and December 1.	14,965,000
\$3,285,000, Series 2017B Macon-Bibb County Urban Development Authority Issue (Macon-Bibb County Projects) due in annual principal installments commencing on December 1, 2018. Interest at 2.0% to 3.0% to be paid each June 1 and December 1.	<u>3,285,000</u>
Total Revenue Bonds	\$ <u>48,990,910</u>

The government incurs contractual obligations to provide funds for the acquisition and construction of major capital acquisitions. Obligations have been issued for governmental-type activities.

Line of Credit:

The Authority has a \$75,000 line of credit with State Bank & Trust Company to be drawn upon as needed with an interest rate of 2.499% per annum. The line of credit is secured with a \$75,000 certificate of deposit maintained with State Bank & Trust Company. As of June 30, 2018, there was a balance of \$74,759. Interest on the line of credit for the fiscal year was \$2,254.

**NOTE 9 – CONCENTRATION OF CREDIT RISK**

The Authority receives a substantial amount of its support from Macon-Bibb County, Georgia. A significant reduction in the level of support, if this were to occur, may have an effect on the Authority's programs and activities.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)

**NOTE 10 – CONTINGENT LIABILITIES**

**Litigation**

During the course of normal operations of the Authority, various claims and lawsuits arise. The Authority's attorney has advised that there are no potential liabilities that will impair the Authority's financial position as of the date of this audit report.

**NOTE 11 – 401 CHERRY STREET PROJECT**

During December 2012, the Authority entered into an agreement with 401 Cherry Street, LLC for the redevelopment of property located in Downtown Macon. Under terms of the agreement, the Authority issued notes payable of \$1,400,000 and \$98,000 for the purchase of property located at 401 Cherry Street. Additionally, the Authority executed a lease for operation of the facility. The lease has been accounted for as a capital lease and is reflected as a receivable on the financial statements.

**NOTE 12 – SUBSEQUENT EVENTS**

The Authority has evaluated subsequent events through December 5, 2018 the date which the financial statements were available to be issued.

On August 8, 2018, the Authority sold property at 382 Second Street for \$380,770. Proceeds from the sale paid off the loan with Capital City Bank.

In October 2018, the Authority issued Multifamily Housing Revenue Bonds (Dempsey Apartments Project), Series 2018A and Series 2018B in the amounts of \$9,565,000 and \$340,000, respectively. Proceeds from the bonds were used to acquire and renovate the Project.

## **SUPPLEMENTARY INFORMATION**

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Micro Loan Fund	Master Plan Fund	Downtown Challenge Grant Fund	Secretary of State Fund	
<u>ASSETS</u>					
Cash and cash equivalents	\$ -	\$ 21,685	\$ 12,295	\$ 7,100	\$ 41,080
Due from other funds	15,836	-	19,411	-	35,247
Total Assets	<u>\$ 15,836</u>	<u>\$ 21,685</u>	<u>\$ 31,706</u>	<u>\$ 7,100</u>	<u>\$ 76,327</u>
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - rents	-	21,685	-	-	21,685
Total Deferred Inflows of Resources	-	21,685	-	-	21,685
Fund Balance					
Restricted	15,836	-	31,706	7,100	54,642
Total Fund Balance	15,836	-	31,706	7,100	54,642
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,836</u>	<u>\$ 21,685</u>	<u>\$ 31,706</u>	<u>\$ 7,100</u>	<u>\$ 76,327</u>

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Special Revenue Fund				Total Nonmajor Governmental Funds
	Micro Loan Fund	Master Plan Fund	Downtown Challenge Grant Fund	Secretary of State Fund	
<u>REVENUES</u>					
Intergovernmental Grants	\$ -	\$ -	\$ -	\$ 192,405	\$ 192,405
	-	36	-	-	36
Total Revenues	-	36	-	192,405	192,441
<u>EXPENDITURES</u>					
General Government					
Professional fees	-	36	-	-	36
Economic Development	-	-	54,614	3,120	57,734
Debt:					
Principal	-	-	-	143,297	143,297
Interest charges	-	-	-	39,946	39,946
Total Expenditures	-	36	54,614	186,363	241,013
Net Change in Fund Balance	-	-	(54,614)	6,042	(48,572)
Fund Balance - Beginning of Year	15,836	-	86,320	1,058	103,214
Fund Balance - End of Year	\$ 15,836	\$ -	\$ 31,706	\$ 7,100	\$ 54,642

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

POWER OF CHANGE AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<hr/>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 217	\$ -	\$ 216	\$ 1
<hr/>				
Total Assets	\$ 217	\$ -	\$ 216	\$ 1
<hr/>				
<u>LIABILITIES</u>				
Due to Others	\$ 217	\$ -	\$ 216	\$ 1
<hr/>				
Total Liabilities	\$ 217	\$ -	\$ 216	\$ 1
<hr/>				



## **GAO YELLOW BOOK INFORMATION**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of the  
Macon-Bibb County Urban Development Authority  
Macon, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Macon-Bibb County Urban Development Authority, a component unit of Macon-Bibb County, Georgia as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Macon-Bibb County Urban Development Authority's basic financial statements, and have issued our report thereon dated December 5, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Macon-Bibb County Urban Development Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Macon-Bibb County Urban Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Macon-Bibb County Urban Development Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses. 2018-001, 2018-002, 2018-003, 2018-004 and 2018-005

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Macon-Bibb County Urban Development Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

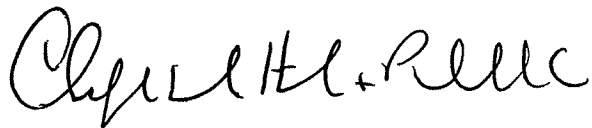
### **Macon-Bibb County Urban Development Authority's Response to Findings**

Macon-Bibb County Urban Development Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Macon-Bibb County Urban Development Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macon, Georgia  
December 5, 2018



MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018

**FINANCIAL STATEMENT FINDINGS**

Findings noted on the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*:

**2018-001 401 Cherry Street Fund**

*CRITERIA*

Accounting procedures should be designed to insure that revenues are accrued and recognized when they become both measurable and available to finance expenditures of the fiscal period.

*CONDITION*

Current period activity was not recorded for the fund.

*CONTEXT*

A material audit adjustment was required to record the following:

- Beginning-of-year lease receivable and deferred revenue \$1,005,291.
- Lease revenue of \$233,186.
- Debt service payments totaling \$233,186.

*CAUSE*

The Authority does not have adequate accounting procedures in place to insure the recording of lease transactions for the year.

*EFFECT*

Financial reports contained material misstatements in the 401 Cherry Street Fund.

*RECOMMENDATION*

The Authority should establish controls to insure that the lease transactions and debt service payments are recorded during the fiscal year.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

We agree with the findings. We are working with our new accounting firm to apply appropriate controls and standards for this non-monetary transaction.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)

**2018-002 Bond Fund**

*CRITERIA*

In accordance with generally accepted accounting principles, expenditures/expenses are recognized as soon as a liability is incurred. Year-end procedures are necessary to ensure that expenditures/expenses and accounts payable are recorded in the appropriate period.

*CONDITION*

The Authority does not have adequate accounting procedures to insure that expenditures/expenses are recorded and properly classified when a liability is incurred.

*CONTEXT*

Material audit adjustments were required to correct the following:

- Adjustments of \$48,650 and \$35,775 were required to accrue accounts payable and retainage, respectively.

*CAUSE*

Management failed to accrue expenditures which were incurred in the fiscal year.

*EFFECT*

Material audit adjustments were needed to fairly report financial information for the year ended June 30, 2018.

*RECOMMENDATION*

The Authority should implement controls to insure the proper accrual of accounts payable at year-end.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

We agree with this finding for the new fund. We will apply controls and standards going forward.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)

**2018-003 213 Clinton Street Project**

*CRITERIA*

Generally accepted accounting principles require the use of a special revenue fund to account for the general fund of a legally separate entity (component unit) that is blended with the government.

*CONDITION*

Certain expenditures related to the 213 Clinton Street project were recorded in the Authority's general fund.

In addition, transactions within the special revenue fund were recorded on a *changes in economic resources* basis rather than a *changes in current financial resources* basis.

*CONTEXT*

Fiscal year 2018 was the initial year for the 213 Clinton Street Project Fund.

The following audit adjustments were required to correct transactions recorded within the General Fund:

- An adjustment of \$900,701 was required to correct the reporting of expenditures.
- An adjustment of \$153,814 was required to correct the reporting of a grant from the Macon Arts Alliance.

The following audit adjustments were required to correct transactions recorded within the Special Revenue Fund:

- An adjustment of \$900,701 was required to correct the recording of transfers from the General Fund.
- An adjustment of \$153,814 was required to correct the recording of grant revenue from Macon Arts Alliance.
- An adjustment of \$228,900 was required to correct the recording of loan proceeds.
- An adjustment of \$1,413,717 was required to correct the recording of construction costs.
- An adjustment of \$16,471 was required to record additional costs paid from the General Fund.
- An adjustment of \$20,000 outstanding accounts payable as of 6/30/2018.

*CAUSE*

Management lacked sufficient training in governmental accounting to implement procedures to correctly report a blended component unit.

*EFFECT*

Interim financial reports contained material misstatements of revenues and expenditures in the General Fund and the 213 Clinton Street Special Revenue Fund.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)

*RECOMMENDATION*

We recommend management implement procedures to insure that project revenues and costs are recorded in accordance governmental accounting reporting requirements.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

We agree with the findings for this new fund. We will work with the accountants and partners to ensure standards are met going forward.

**2018-004 Parking Fund**

*CRITERIA*

In accordance with generally accepted accounting principles, the operating statement of a proprietary fund focuses on changes in economic resources.

*CONDITION*

The Authority does not have adequate accounting procedures to insure that transactions were recorded in accordance governmental accounting standards for proprietary funds.

*CONTEXT*

Fiscal year 2018 was the initial year for the parking fund.

Material audit adjustments were required to correct the following transactions:

- An adjustment of \$673,165 was required to correct the recording of capital asset additions.
- An adjustment of \$477,581 was required to correct the recording of loan proceeds.
- An adjustment of \$10,400 was required to correct the recording of a debt service payment.
- An adjustment of \$70,487 was required to record accounts payable as of 6/30/2018.

*CAUSE*

Management lacked adequate training in accounting for proprietary funds.

*EFFECT*

Financial reports contained material misstatements of revenues and expenses.

*RECOMMENDATION*

The Authority should implement controls to insure the proper proprietary fund accounting.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

We agree with the findings for this new fund. We will employ standards going forward.

MACON-BIBB COUNTY URBAN DEVELOPMENT AUTHORITY  
MACON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)

**2018-005 Downtown Challenge Grant Fund**

*CRITERIA*

In accordance with generally accepted accounting principles, special revenue funds may be created to account for the proceeds of specific revenue sources.

*CONDITION*

The Authority does not have adequate accounting procedures to insure that transactions associated with the Downtown Challenge grants were recorded in the proper fund.

*CONTEXT*

A material audit adjustment of \$30,009 was required to correct an expenditure for the Downtown Challenge Grant Fund which had been recorded in the Property Fund.

*CAUSE*

Management lacked adequate controls to insure the posting of expenditures in the correct fund.

*EFFECT*

Financial reports contained material misstatements of expenses.

*RECOMMENDATION*

The Authority should implement controls to insure the recording of expenditures in the appropriate fund.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

We agree with this finding and will have new controls in place going forward.